

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Yugoslavia

REPORT

SUBJECT Yugoslav Foreign and Domestic Economy

DATE DISTR.

7 MAR 1964

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Issuance of unbacked dinars, status of econ collaboration w/ Communist countries, upper tiered sources of revenue, & status of National Loan drive

NO. PAGES

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REFERENCES

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DATE OF INFO.

PLACE & DATE ACQ.

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1. The following comments on Yugoslav domestic and foreign economic matters were made by Dr. Mirkovic (fnu), who is the economic advisor of the Council for Economic Questions of the Federal Executive Council for the Yugoslav wood industry, in mid-November 1963:
- a. The issuance of 50 billion dinars without backing by the Yugoslav Government was necessary; the only alternative would have been for Yugoslavia to obtain loans a second time from other countries. It was hoped that at least part of this issue would be covered by the National Loan.
 - b. No official announcement of the total amount reached in the National Loan drive has been made, nor will one be made.^{1/} The actual amount will not be publicized for the following reasons:
 - (1). Certain important leaders of the Republic of Macedonia and political and economic leaders of Skopje would demand more than the Belgrade Government desired to furnish.
 - (2). People who had suffered damages would demand greater compensation.
 - (3). The Government intends to continue to request foreign aid for the damaged area.

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- c. Yugoslavia is importing from abroad necessities for the domestic economy with the loans received from Western countries.
- d. With loans granted to Eastern and Afro-Asiatic countries, Yugoslavia is exporting products and machinery to these countries. Were it not for this, Yugoslav export would be very low.
- e. Dr. Mirkovic said that he had very little confidence in economic collaboration agreements with the Communist countries. Trade is being carried on but with a great deal of caution; the Yugoslavs are endeavoring to keep the balance always in their favor. Dr. Mirkovic mentioned the Soviet Union: when Yugoslavia claimed compensation for damages resulting from the break in commercial agreements, the Soviets stated that the fault lay with the Yugoslavs and that goods exported to the Soviet Union had been so poor that they were forced to cancel orders. Subsequently, however, through the direct intervention of Marshal Tito, the Soviets granted the Yugoslavs a large long-range loan, without interest.
- f. A great deal of money is being spent for propaganda, both at home and abroad. Yugoslav delegations are constantly going abroad, generally in large groups when only a few persons would be sufficient. When the economic experts examined the work done by these delegations, they came to the conclusion that the trips had been virtually tourist jaunts. The costs of foreign delegations visiting Yugoslavia are very high, particularly when they are from the Afro-Asian countries. Dr. Mirkovic snorted that there were too many of these delegations and that they cost too much.
- g. Customs rates were maintained at a very high level to discourage the importing of articles which were considered not of extreme necessity; the list included foodstuffs, fabrics, household electric appliances, machinery, spare parts, etc. It was hoped that such articles would thus be purchased in Yugoslavia.

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